

Determining Your First-Time Home Buyer Credit Amount: Form 5405

Regardless of whether you're applying the first-time home buyer tax credit on your [2008 return](#) or your [2009 return](#), you'll need to visit the IRS Web site and download [Form 5405](#) (PDF 257KB) . This form has just six lines and takes only a minute to complete.

1. On the first line enter either \$8,000 or 10 percent of the home purchase price, whichever is smaller.

Since the national median home price is around \$175,200 (March 2009), in most cases the \$8,000 will be the smaller of the two. In order for 10 percent of the home price to be smaller, the home purchase price would have to be \$79,999 or less.

2. On the second line enter your adjusted gross income.

You will find your gross adjusted income on line 37 of Form 1040, which you submitted when you filed your 2008 return. The tax credit form actually requires you to note your modified adjusted gross income, but that affects few people, so most will just use their adjusted gross income.

3. If your adjusted gross income is more than \$75,000 (individual) or your income is more than \$150,000 (joint) you'll have to complete some additional calculations to determine the credit amount for which you qualify.

Everyone else will simply enter the tax credit amount on Line 6.